



# California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

## News Release

Docket #: R.02-01-011

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### **PUC ESTABLISHES SURCHARGES FOR CUSTOMERS WHO LEAVE INVESTOR-OWNED UTILITY SERVICE**

SAN FRANCISCO, July 10, 2003 - The California Public Utilities Commission (PUC) today determined that current investor-owned utility (IOU) customers who leave IOU service to become municipal utility customers must pay a Cost Responsibility Surcharge (CRS) for their fair share of energy costs incurred by the California Department of Water Resources (DWR) during the energy crisis. “Municipal” refers to customers served by a publicly owned utility such as municipalities or irrigation districts. Municipal Departing Load (MDL) occurs when customers of IOUs become customers of municipal utilities or when new customers who could have been served by IOUs become customers of a municipal utility because the municipal utility expanded its territory.

DWR had to buy power for IOUs when the companies became financially unable to continue purchasing power due to extraordinary increases in wholesale energy prices. All continuing IOU customers are now paying for DWR’s long-term contracts in their current electric rates. The PUC determined that customers who depart IOU service to obtain electricity through other options, such as Direct Access and municipal service, should still be responsible for paying their fair share of costs, otherwise rates for remaining IOU customers would be higher.

The Commission approved a surcharge for existing MDL customers because these customers were formerly customers of IOUs when DWR entered into its long-term contracts and, therefore, are held to the same surcharges as established in prior Commission decisions for Direct Access customers who were IOU customers during the energy crisis.

However, the PUC determined that new customers of municipalities do not have to pay the CRS as long as the municipal utility was established and serving retail customers before February 1, 2001, the date established by the Legislature. Continuous customers of municipal utilities do not pay the surcharge.

The surcharge will be 2.7 cents/kWh on an interim basis.

The PUC today also voted to retain a CRS of 2.7 cents/kWh for Direct Access customers. The PUC originally adopted this surcharge amount in December 2002, but said it would consider the surcharge level again based on a more refined analysis of actual DWR costs. The Commission today determined that a 2.7 cents/kWh CRS minimizes the possibility of cost shifting to IOU customers and is a low enough CRS so as to maintain the economic viability of Direct Access.

For more information, please visit the PUC's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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